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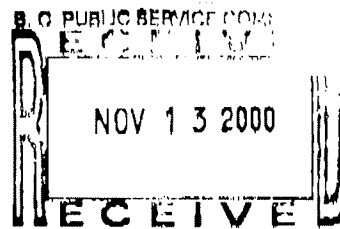
Stan J. Bugner
State Director - Government Affairs
Regulatory and Governmental Affairs



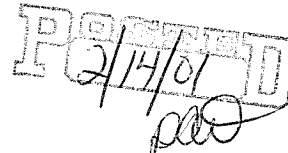
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November 13, 2000



Mr. Gary E. Walsh
Executive Director
The S. C. Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211



RE: Verizon South Inc. -Notice of Election for Alternative Regulation - Guidelines

Dear Mr. Walsh:

On September 14, 2000 Verizon South Inc. (Verizon) provided notification to the Commission that effective October 14, 2000, Verizon would begin operating under alternative regulation.

Attached you will find Verizon's proposed guidelines which set forth the process to be used for compliance with SC state statutes and the complaint process to be used regarding changes in rates or setting of prices for new products and services as required by statute. Verizon respectfully requests the Commission's approval of these proposed guidelines.

If there should be any questions concerning this matter, please do not hesitate to contact my office.

Very truly yours,

Wanda R. Rodgers (for)
STAN J. BUGNER

Attachment

**PRICE REGULATION PLAN
FOR
VERIZON SOUTH INC.
(l/w/a GTE SOUTH INCORPORATED)**

Verizon South Inc. ("Verizon") elected, effective September 14, 2000, to have the rates, terms, and conditions for its services regulated under the price regulation plan set forth in S.C. Code § 58-9-576(B). That code section provides for alternative forms of regulation, or price regulation, rather than rate of return or other forms of earnings regulation. Pursuant to S.C. Code § 58-9-576(B)(2), the rates, terms, and conditions in all of Verizon's tariffs and contracts existing on September 14, 2000 (the date of Verizon's election of price regulation) are considered to be just and reasonable.

Under S.C. Code § 58-9-576(A), Verizon may elect the alternative form of regulation described in S.C. Code § 58-9-576(B) because the Commission has previously approved local interconnection agreements between Verizon and entities not affiliated with Verizon.

As S.C. Code § 58-9-576(B)(3) prescribes, prices for flat-rated local exchange services for residential and single-line business customers cannot be increased from their current levels for two years from the date Verizon filed its election with the Commission. During this two-year period, the Company may charge less than the authorized maximum rate for these services. Upon expiration of the two-year period, under § 58-9-576(B)(4), Verizon may increase the rates for flat-rated local exchange residential and single-line business service pursuant to an inflation-based price index.

In setting prices for all other services (that is, services other than flat-rated local residential and single-line business) Verizon must adhere to the requirements contained in § 58-9-576(B)(5). That is, changes to the rates for these other services must not unreasonably discriminate between similarly situated customers, and, subject to a complaint process, must not reflect an abuse of market position.

New products and services pricing must also adhere to the requirements in § 58-9-576(B)(5). Prices for these services must not unreasonably discriminate between similarly situated customers, and, subject to a complaint process, must not reflect an abuse of market position.

Verizon shall comply with § 58-9-576(B)(6), which requires it to file tariffs for its local exchange services that set out the rates, terms, conditions for such services. Tariffs are presumed valid and the time frames set forth in § 58-9-576(B)(6) shall not be affected by allegations of violations of the price setting guidelines or complaints filed with the Commission. A tariff shall be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases.

The Commission's current complaint process, 26 S.C. Code Ann. Regs. 103-835 (1976), and the related, following sections are to be used for allegations of violations by Verizon of the Commission's guidelines, as set forth in accordance with § 58-9-576(B)(5).